



Gazprom Neft

**3rd Q & 9 M 2008
Operating and
Financial Results**

December 2008

Q3 & 9M 2008 Operating Highlights



- **Gazprom Neft crude production was 57.3 & 172.7 MMBbl in Q3 & 9M 2008 respectively vs. 60.5 & 182.2 MMBbl in Q3 & 9M 2007**
 - **↓ 5.3% & 5.2% Y-o-Y respectively**
 - **The company's production including the Slavneft and Tomskneft share amounted to 85.3 & 253.5 MMBbl in Q3 & 9M 2008 vs. 79.7 & 239.8 in Q3 & 9M 2007 respectively**
 - **↑ 7.0% & 5.7% Y-o-Y respectively**
- **Refining throughput was 55.7 & 156.1 MMBbl in Q3 & 9M 2008 vs. 49.8 & 144.4 MMBbl in Q3 & 9M 2007**
 - **↑ 11.8% & 8.1% Y-o-Y**
- **Revenues in Q3 & 9M 2008 were USD 9,638 & 27,315 mln vs USD 5,435 & 14,678 mln in Q3 & 9M 2007**
 - **↑ 77.3% & 86.1% Y-o-Y**
- **EBITDA was USD 2,642 & 7,761 mln in Q3 & 9M 2008 vs. USD 1,553 & 4,485 mln in Q3 & 9M 2007**
 - **↑ 70.1% & 73.0% Y-o-Y**
- **Net Income was USD 1,594 & 5,201 mln in Q3 & 9M 2008 vs. USD 957 & 2,819 mln in Q3 & 9M 2007**
 - **↑ 66.6% & 84.5% Y-o-Y**

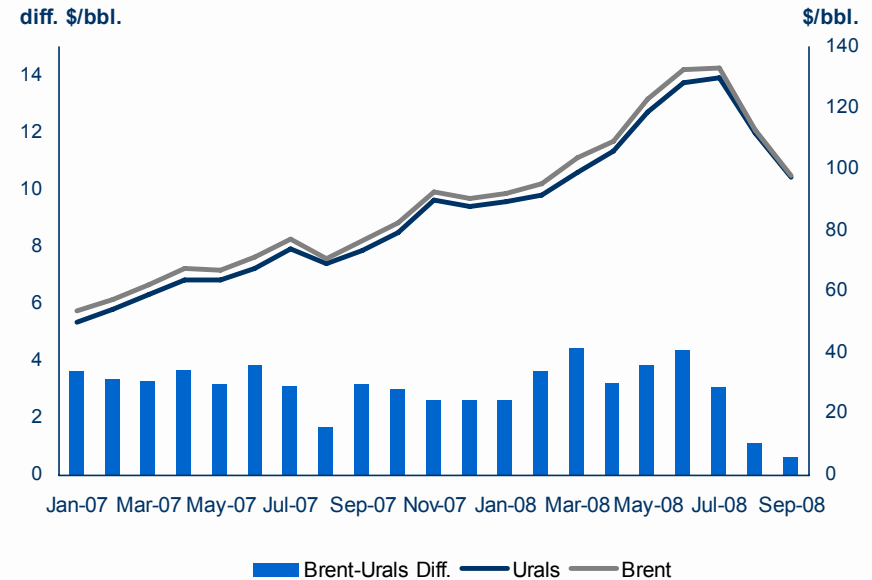
Source: Company data

Market Conditions



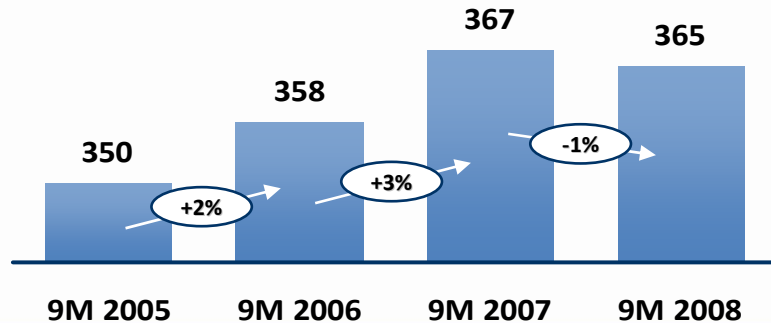
- For Q3 & 9M 2008, dated Brent averaged \$115.09/bbl & \$111.11/bbl, which is 54.0% & 65.5% Y-o-Y higher than 2007 level.
- Average Urals price increased by 57.3% & 69.2% Y-o-Y in Q3 & 9M 2008 to \$113.44/bbl & \$108.12/bbl.
- Real RUB appreciation (depreciation) vs. USD was (5.3)% & 7.5% in Q3 & 9M 2008 compared to 5.3% & 13.5% in Q3 & 9M 2007
- PPI inflation (deflation) in Russia was (7.1)% & 9.9% in Q3 & 9M 2008 vs. 2.4% & 17.0% in Q3 & 9M 2007
- Prices for high-octane gasoline on the domestic market increased by 39.5% in Q3 2008 vs. Q3 2007, resulting 37.0% increase for the 9M 2008 vs. 9M 2007. Fuel oil price soared 82.9% in Q3 2008 vs. Q3 2007, resulting 100.0% growth for the 9M 2008 vs. 9M 2007. Price for diesel increased by 72.9% in Q3 2008 vs. Q3 2007, resulting 69.3% increase for the 9M 2008 vs. 9M 2007.

Oil Price, USD/bbl

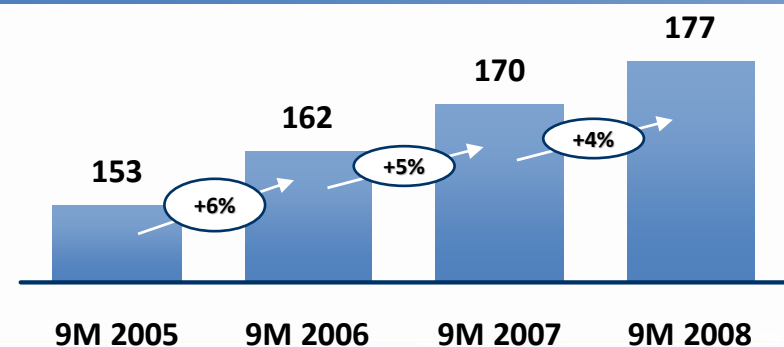


Source: Platt's – Brent Dated, Urals Aver.

Oil Production in Russia, MMTonn



Refining Throughput in Russia, MMTonn

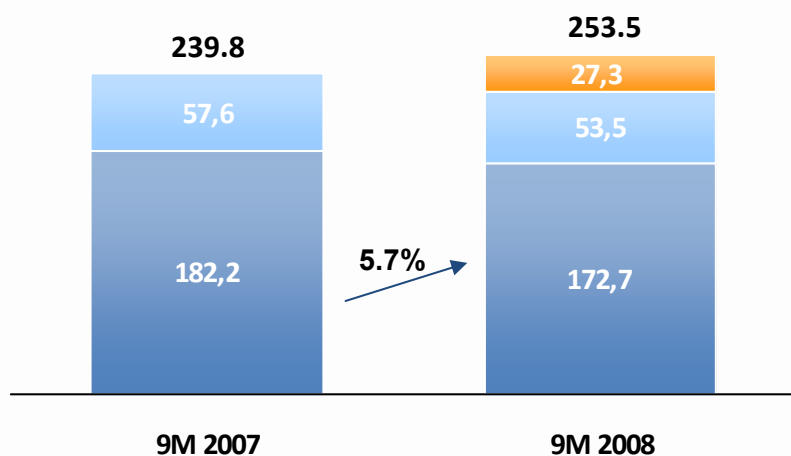


Source: INFOTEK – Oil production & throughput in Russia; Federal State Statistics Service – Inflation; Central Bank of Russia – Fx rates; Platt's & Kortes – oil & products prices

Oil Production



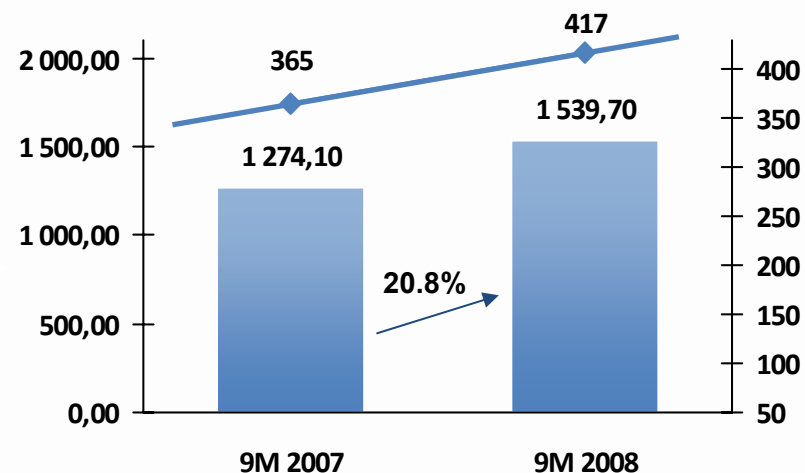
Production (MMBbl)



■ Own production ■ Slavneft* ■ Tomskneft*

- In the third quarter and nine months of 2008 Company's crude oil production decreased by 5.3% and 5.2% to 57.3 million barrels (7.7 million tonnes) and 172.7 million barrels (23.3 million tonnes), respectively, compared to the corresponding periods of 2007. The decrease in both comparative periods was primarily a result of a decrease in output at Noyabrskneftegaz, which was partially offset by an increase in production in new fields such as Priobskoye and certain fields in Tomsk and Omsk regions.
- In the third quarter and nine months of 2008 Company's production including share in equity investees increased by 7,0% and 5,7% to 85.3 million barrels (11.5 million tonnes) and 253.5 million barrels (34.3 million tonnes), respectively, compared to the same periods of 2007. The increase was primarily due to the acquisition of our 50% interest in Tomskneft in December 2007.

Production Drilling



■ Thousand meters drilled ◆ New production wells

- Production drilling for Q3 & 9M 2008 was 575.1 & 1,539.7 thousand meters (↑31.4% & ↑20.8%) Y-o-Y
- The average amount of active wells for 9M 2008 was 5,156 (↑ 8.4%) Y-o-Y
- New production wells launched in 9M 2008 – 417 (↑14.2%) Y-o-Y

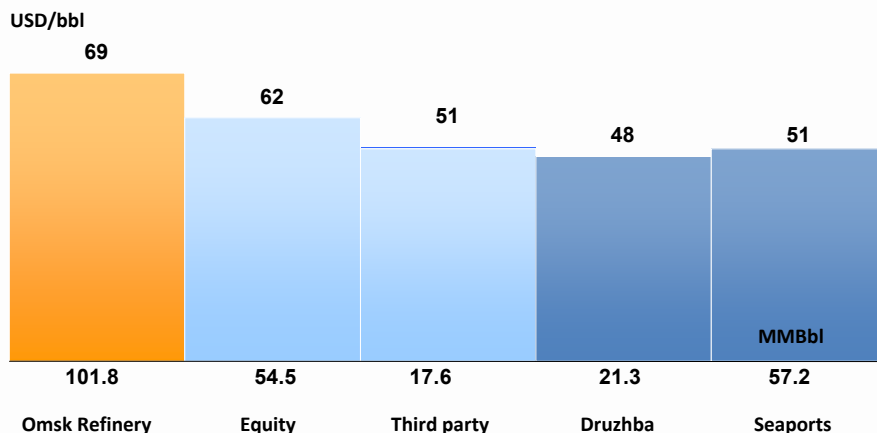
Source: Company data

*Production figures include 50% of Slavneft and Tomskneft

Efficiency maximization

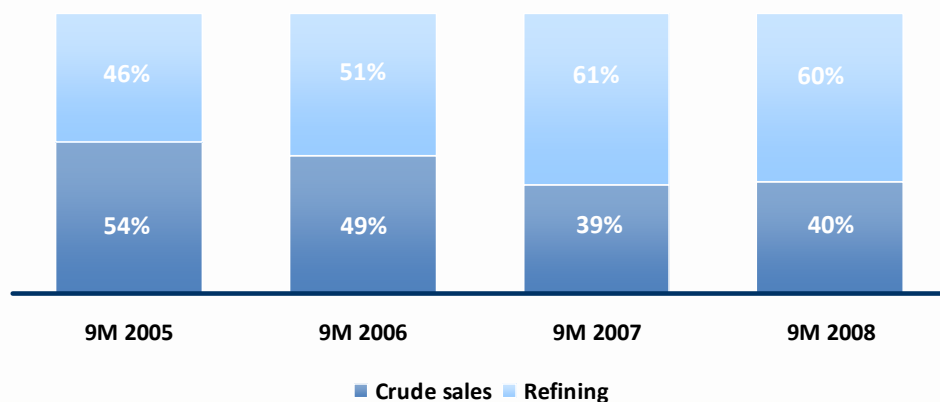


Netback

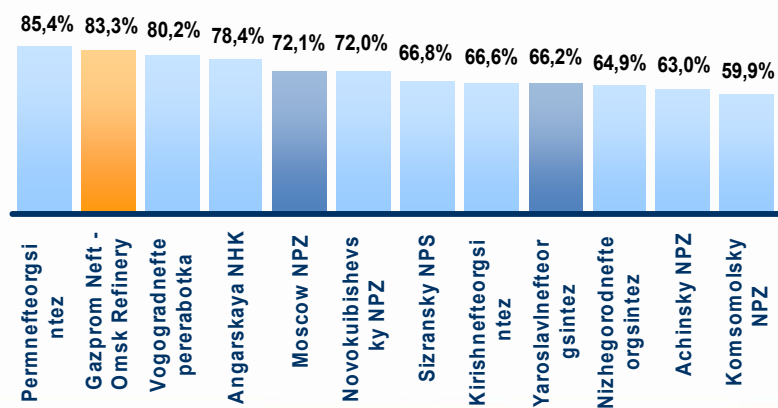


- Gazprom Neft benefits from high refining netbacks
- Gazprom Neft leads in terms of refining share in crude balance
- Increased oil supply due to Tomskneft acquisition caused Crude Balance to shift to crude sales though increasing Refining throughputs in 9M 2008
- Depth of refining is one of the industry's highest at Omsk Refinery and Equity Refineries of Gazprom Neft

Crude Balance, %



Refinery Depth on Russian NPZ (1H 2008, %)

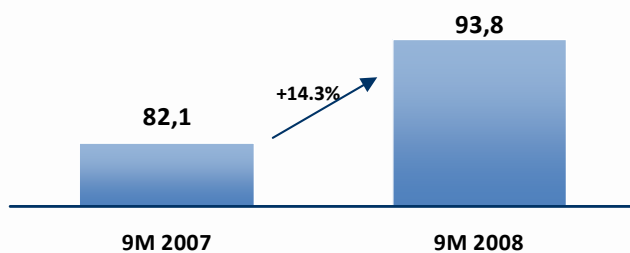


Source: Company data

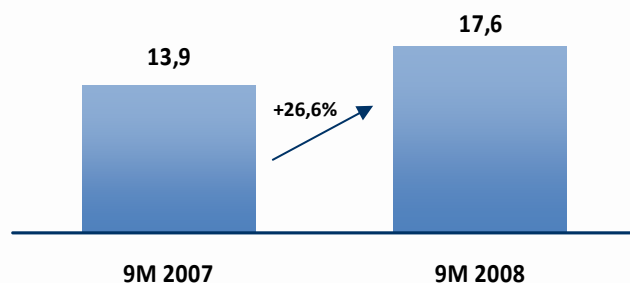
Export vs. Refining



Crude oil exports, MMBbl

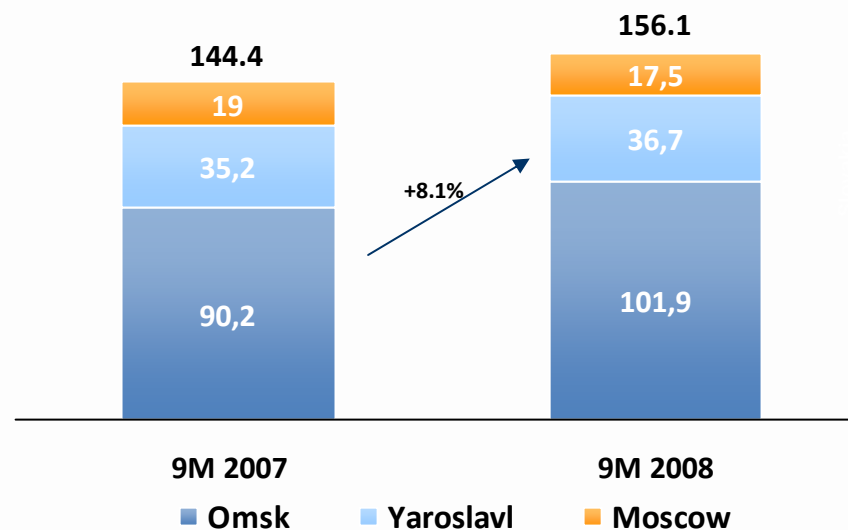


CIS crude exports, MMBbl



Source: Company data

Refining, MMBbl

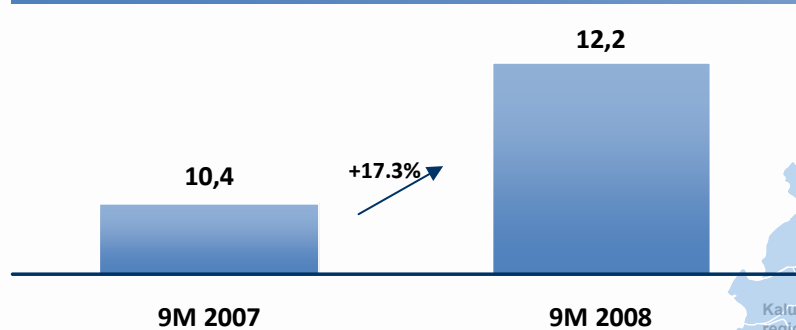


- The crude export increased in 9M 2008 due to the acquisition of Tomskneft at the end of 2007
 - 26.6% growth in CIS exports was due to its higher efficiency
- Gazprom Neft increased its Refining throughput by 8.1% Y-o-Y to 156.1 MMBbl
 - Main driver of the Growth was Omsk Refinery – 13.0%
 - A 7.9% fall in Moscow Refinery throughput was due to planned 2-year cycle maintenance in the spring 2008
- Main transportation routes in 9M 2008 were:
 - 45% shipped from Baltic Sea ports (mainly Primorsk)
 - 27% exported through Transneft's Druzhba pipeline (mainly to Germany, Poland and Slovakia)
 - 26% shipped from Black Sea ports Novorossiysk, Tuapse and Ukrainian port Yuzhniy
 - 2% China Via transit pipeline

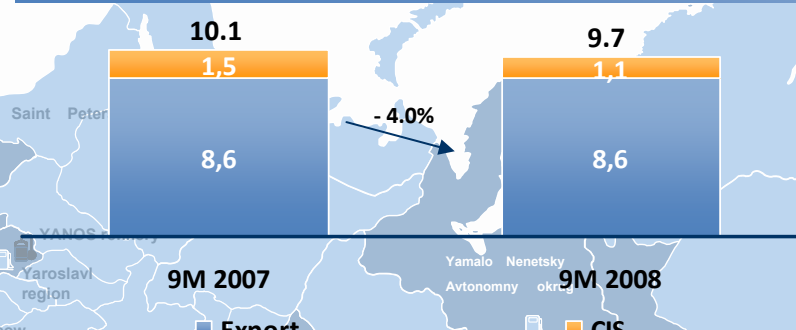
Improving oil products distribution towards Russia



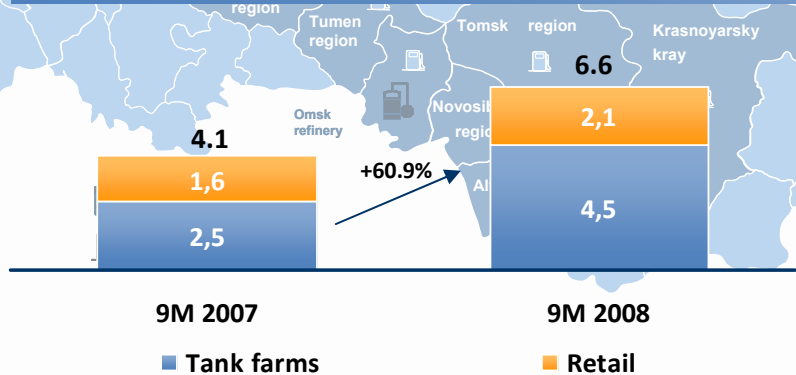
Oil products sales in Russia, MMTonn



Oil products Export, MMTonn



Oil products distribution through own network, MMTonn



- Significant growth (+17.3%) in sales of refined products in the domestic market is caused by much higher efficiency
- To increase the profitability of its Products Sales the Company is boosting its Retail sales through expansion of retail network and greater throughputs per station
- The Company is working on increasing its brand awareness and is actively developing large-scale re-branding program

Source: Company data

Summary Financial Highlights



USD mln	Q3 2008	Q3 2007	Change, %	9M 2008	9M 2007	Change, %
Revenues	9,638	5,435	+77.3%	27,315	14,678	+86.1%
Operating expenses	585	498	+17.5%	1,580	1,442	+9.6%
EBIT	2,027	1,138	+78.1%	6,225	3,340	+87.3%
EBITDA	2,642	1,553	+70.1%	7,761	4,485	+73.0%
Adjusted EBITDA	2,754	1,651	+66.8%	8,151	4,687	73.9%
Net Income	1,594	957	+66.6%	5,201	2,819	+84.5%
Operating Cash Flow	2,147	1,313	+63.5%	4,597	3,614	+27.2%
Capex	883	541	+63.2%	2,442	1,439	+69.7%
Free cash flow	1,264	772	+63.7%	2,155	2,175	-0.9%
EBITDA Margin	27%	29%	-116 bps.	28%	31%	-214 bps.
Adjusted EBITDA Margin*	29%	30%	-180 bps.	30%	32%	-209 bps.
Net Margin	17%	18%	-107 bps.	19%	19%	-16 bps.

Source: Company Data

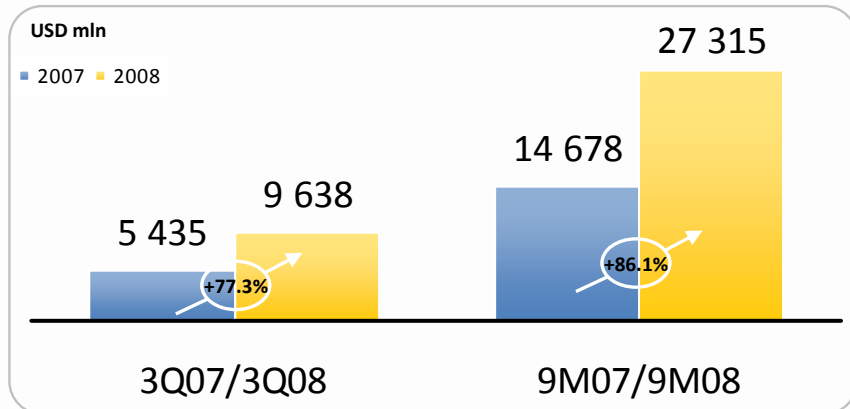
- In Q3 & 9M 2008, Gazprom Neft showed substantial revenue growth (+77.3% & +86.1% y-o-y) and continued strong EBITDA (+70.1% & +73.0% y-o-y)
- Net Margin for 9M 2008, 19% - is the highest in the industry
- Free cash flow rose up to USD 1,264 mln (+63.7%) in Q3 2008, but was down to USD 2,155 mln (-0.9%) in 9M2008 due to different changes in capex and working capital in 3Q & 9M 2008

*Adjusted EBITDA is calculated based on Company EBITDA and its share in EBITDA of equities

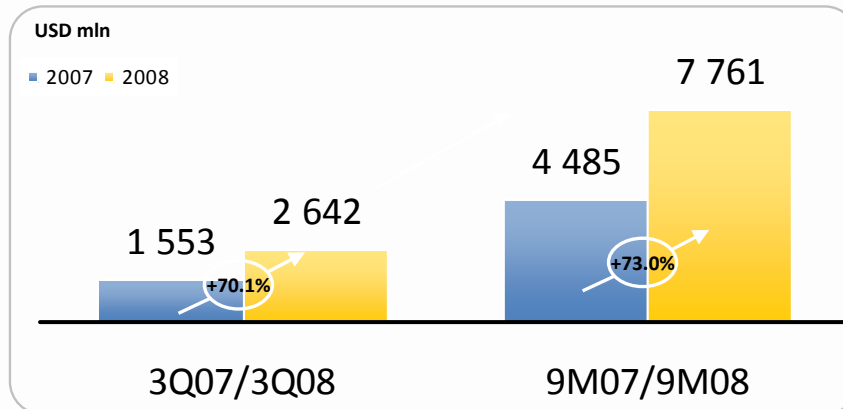
Strong Financial Performance



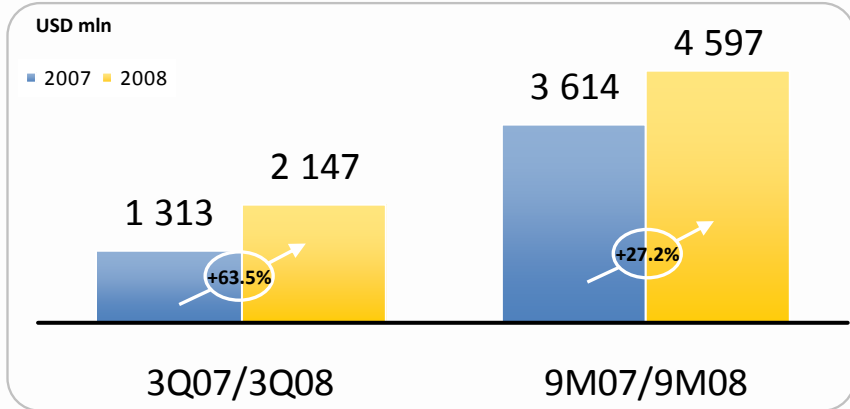
Revenues



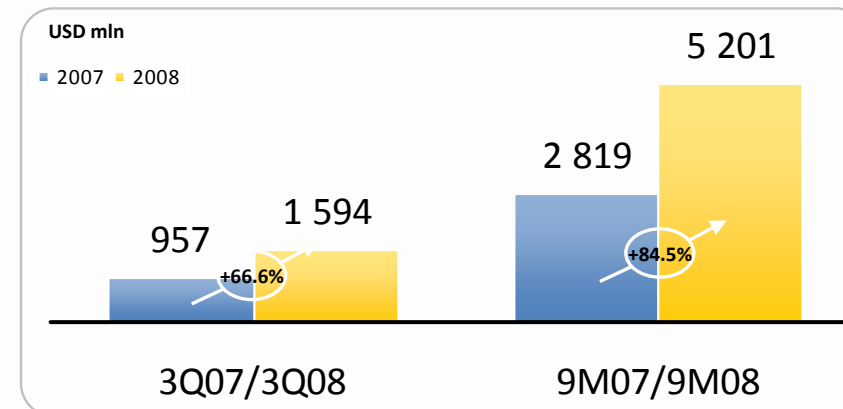
EBITDA



Operating Cash Flow

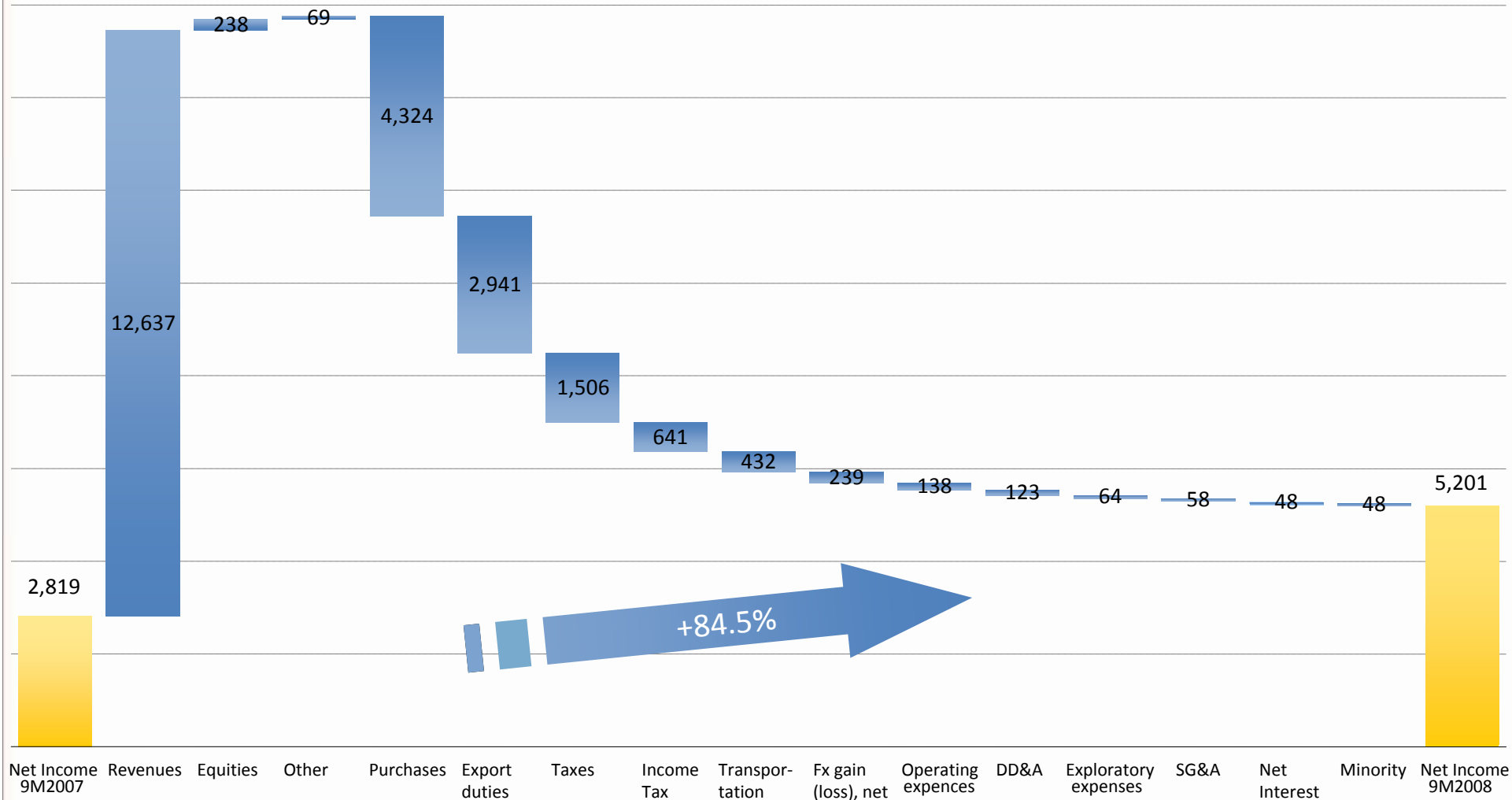


Net Income

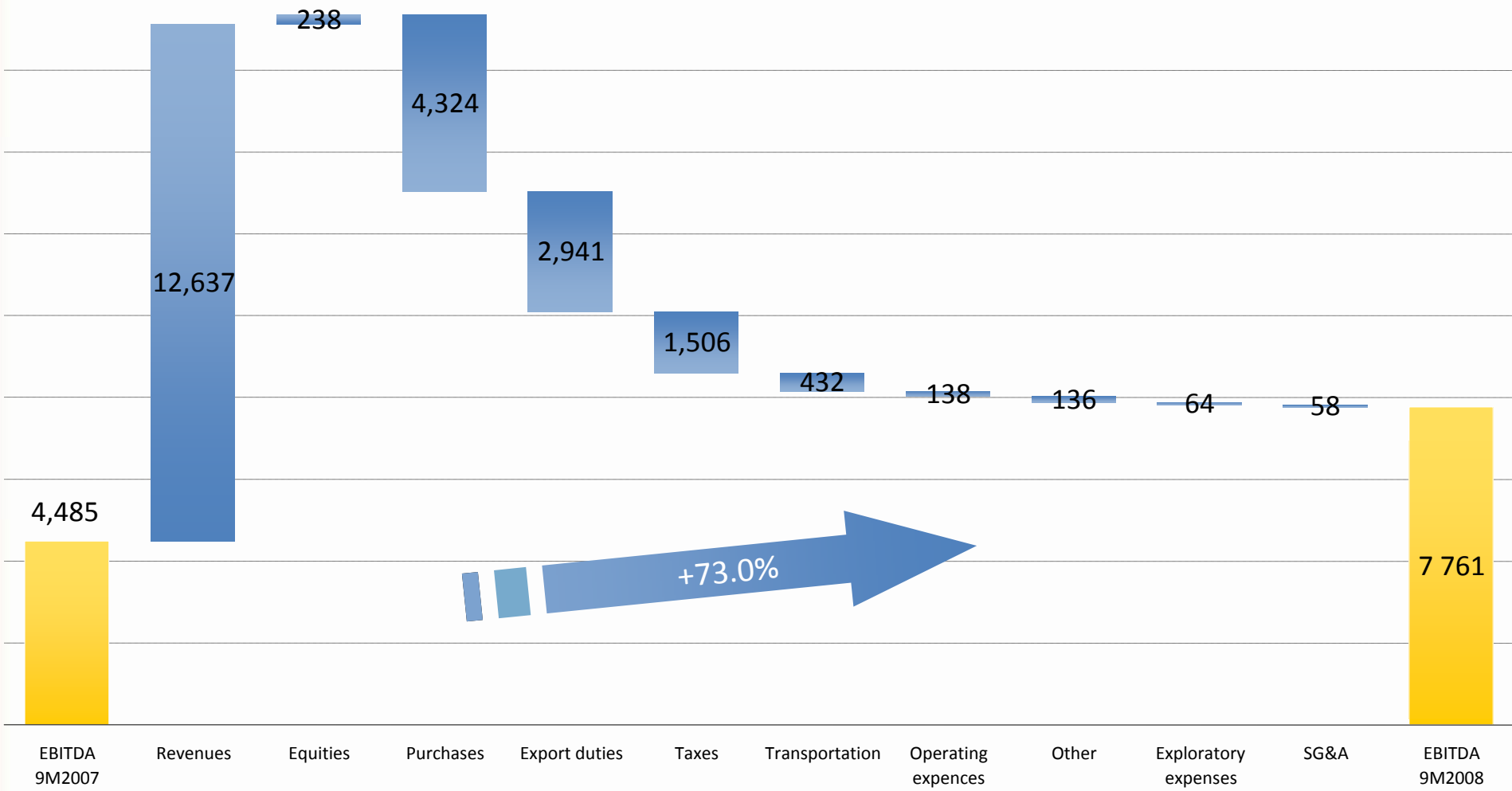


Source: Company Data

9M 2008 Net Income Reconciliation

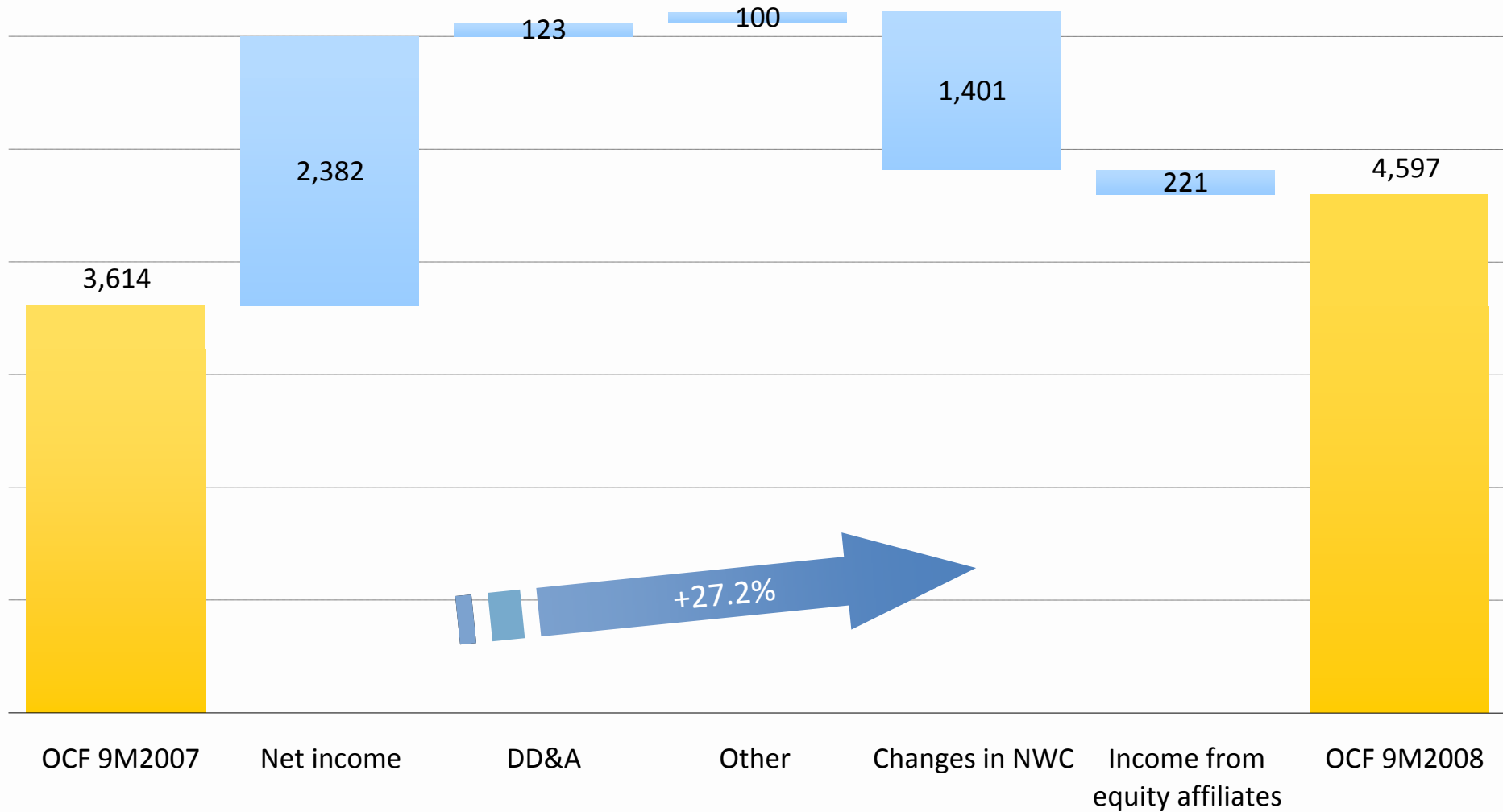


9M2008 EBITDA Reconciliation



Source: Company data

9M2008 OCF Reconciliation

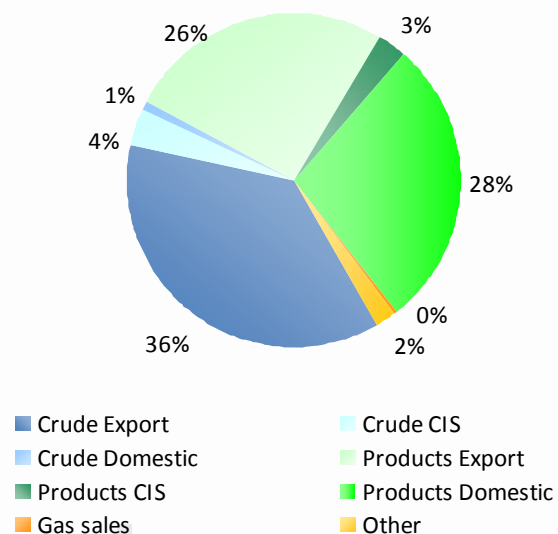


Source: Company data

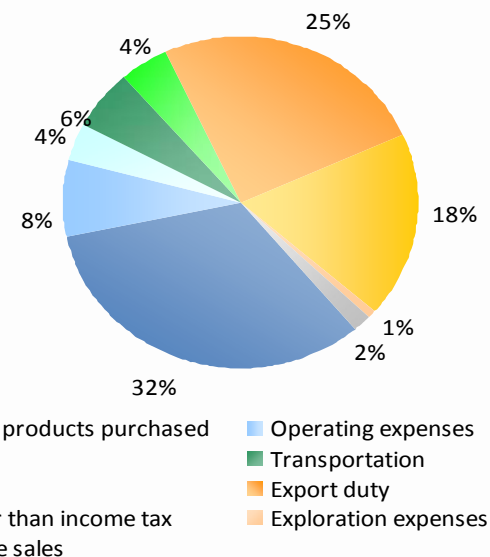
Revenues and Costs Breakdown



Revenue Breakdown



Cost Structure



USD mln	3Q 2008	3Q 2007	Change,%	9M 2008	9M 2007	Change,%
Total revenues	9,638	5,435	+77.3	27,315	14,678	+86.1
Crude export	3,185	1,636	+94.7	9,867	4,677	+111.0
Crude CIS	347	193	+79.8	991	515	+92.4
Crude domestic	28	231	-87.9	231	392	-41.1
Products export	2,541	1,495	+70.0	6,951	4,361	+59.4
Products CIS	250	220	+13.6	773	595	+29.9
Products domestic	3,111	1,539	+102.1	7,885	3,751	+110.2
Gas sales	30	9	+233.3	108	31	+248.4
Other	146	112	+30.4	509	356	+43.0

USD mln	3Q 2008	3Q 2007	Change,%	9M 2008	9M 2007	Change,%
Total costs	7,611	4,297	+77.1	21,060	11,338	+85.7
Crude oil & other products purchased	2,405	1,127	+113.4	6,875	2,551	+169.5
Operating expenses	585	498	+17.5	1,580	1,442	+9.6
SG&A	332	301	+10.3	790	732	+7.9
Transportation	418	265	+57.7	1,242	810	+53.3
DD&A	371	312	+18.9	943	820	+15.0
Export duty	2,040	806	+153.1	5,319	2,378	+123.7
Taxes other than income tax	1,305	898	+45.3	3,799	2,293	+65.7
Exploration expenses	46	15	+206.7	147	83	+77.1
Costs of other sales	109	75	+45.3	365	229	+59.4

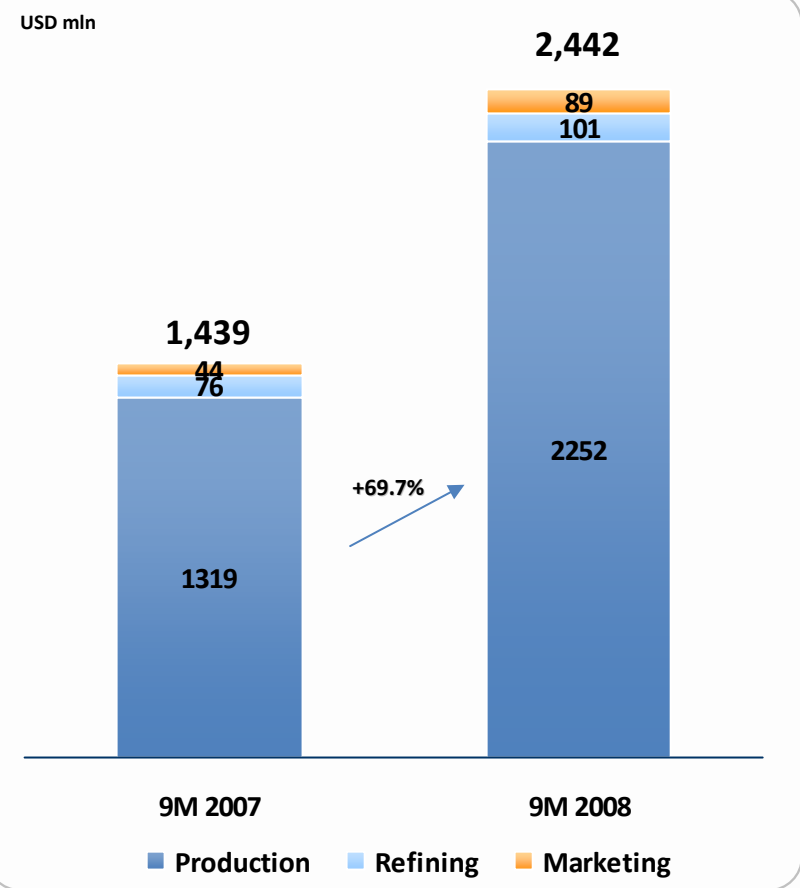
Source: Company data

Capex Breakdown

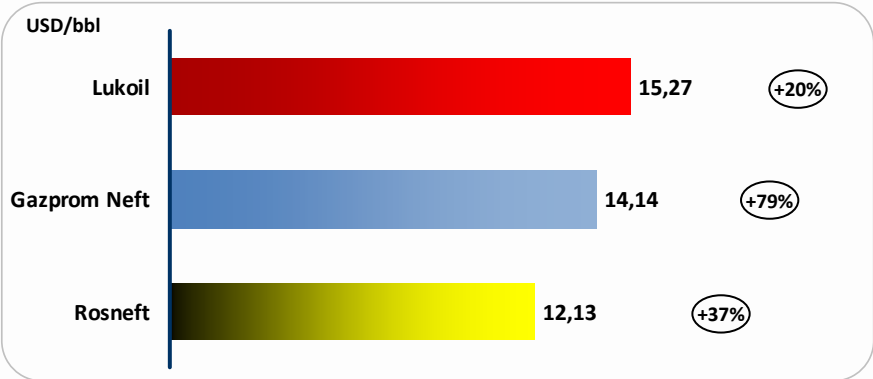


CAPEX (USD mln)

- The growth of CAPEX by approximately 70% in 9M2008 was determined by the company's focus on long-term development
- Substantial investments are made to establish the infrastructure of Priobskoye field , where production will increase to 12.3 mln tonnes in 2011
- Capex spending has increased significantly across the majority of the major Russian oil companies in the beginning of 2008
- Under the current macroeconomic conditions oil companies may revise their Capex programmes in the mid-term.



Russian Oil Companies' Capex in 9M 2008



Source: Company data

Debt Profile

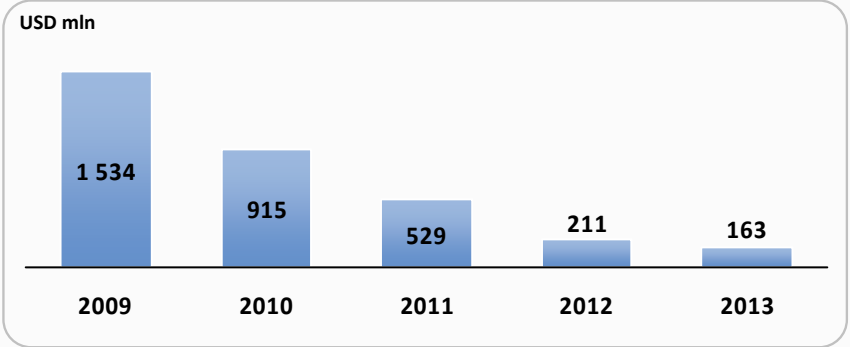


Loan Portfolio as of September 30, 2008

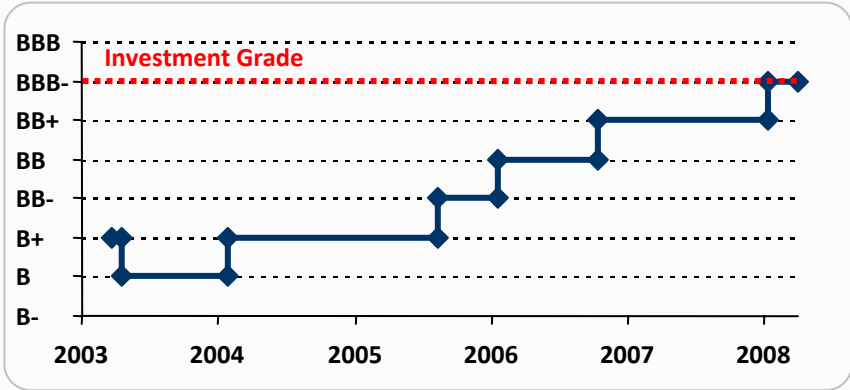
	9M 2008	12M 2007
Short-term debt	2,105	1,339
Long-term debt	1,818	2,083

- January 9, 2008 S&P assigned an investment grade to Gazprom Neft debt
- July 4, 2008 Moody's assigned an investment grade to Gazprom Neft debt

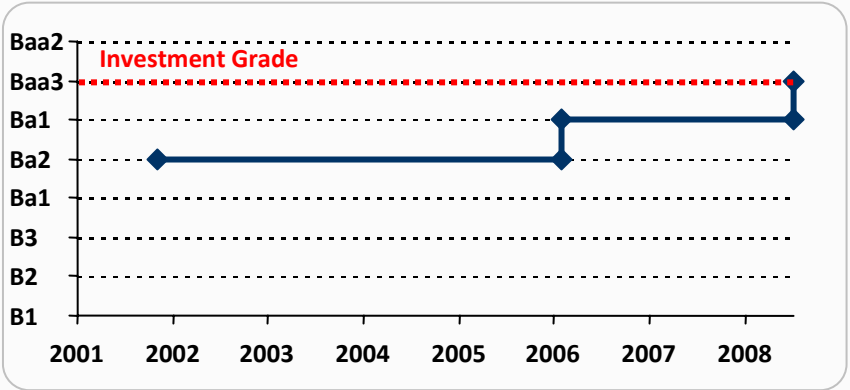
Maturity Profile



Standard & Poor's Credit rating



Moody's Credit rating



Balance Sheet Highlights



<i>(USD mln)</i>	<i>9M 2008</i>	<i>12m 2007</i>
Cash and cash equivalents	2,634	721
Accounts receivable	2,801	2 264
Oil and gas properties + PP&E	8,218	6 634
<i>Total assets</i>	<i>22,001</i>	<i>16 609</i>
Short-term debt & current portion of long-term debt	2,105	1,339
Long-term debt	1,818	2,083
Accounts payable and accrued liabilities	1,269	1,171
Shareholder capital	14,540	10,433
<i>Total liabilities and shareholders` equity</i>	<i>22,001</i>	<i>16,609</i>

Source: Company data